

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
EDMUND G. BROWN JR, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
GOVERNOR'S BUDGET
FISCAL YEAR 2011-12**

JANUARY 10, 2011

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
Fiscal Year 2011-12
-HIGHLIGHTS-

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) proposed budget for Fiscal Year (FY) 2011-12 is \$630.4 million. This represents a total increase of \$24.3 million [Exhibit D], as compared to the FY 2010-11 Budget Act Appropriation of \$606.1 million. Of the total \$630.4 million, \$587.9 million (93.3%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$42.5 million (6.7%) is for State Support [Exhibit A].

Under the Governor's realignment proposal, \$184 million in General Fund is proposed to be realigned to the counties to fund the responsibilities of providing substance use disorder treatment services.

POSITION SUMMARY

The proposed FY 2011-12 Governor's Budget includes 317.0 positions, which represents a net increase of 0.5 positions due to 8.0 expiring limited-term positions offset by Budget Change Proposal (BCP) requests for 8.5 limited-term positions. The BCP requests consist of 1.5 new positions for five years in support of the federally-funded Strategic Prevention Framework-State Incentive Grant and the extension of the following positions: 4.0 positions for four years to continue administering the federally-funded California Access to Recovery Effort, 2.0 positions for two years to continue the Problem Gambling Treatment Effort, and 1.0 position for two years to continue to address the workload associated with Drug Medi-Cal provider complaint investigations.

GENERAL FUND

The proposed budget includes \$222.1 million (35.2% of the total budget) in GF for ADP programs [Exhibit B]. This amount represents a total increase of \$36 million [Exhibit D] as compared to the FY 2010-11 Appropriation. The GF increase is due, in part, to the expiration of increased Federal Medicaid Assistance Percentage (FMAP) rate under the American Reinvestment and Recovery Act (ARRA). The expiration of ARRA returns the FMAP to 50% and results in a dollar-for-dollar shift of expenditures from federal reimbursement to GF. Of the \$222.1 million, \$217.1 million is for Local Assistance and \$5 million is for State Support [Exhibit C].

\$184 million is included in the Governor's realignment proposal as follows:

Non Drug Medi-Cal Regular	\$5.2 m
Non Drug Medi-Cal Perinatal	20.5 m
Drug Court Partnership Act	6.8 m
Comprehensive Drug Court Implementation Act	15.7 m
Dependency Drug Court Program	4.3 m
Drug Medi-Cal Program	130.7 m
State Support	<u>0.8 m</u>
Total Realignment	\$184.0 m

Non-DMC Regular and Perinatal Services

The proposed GF budget includes \$5.2 million in Local Assistance for Non-DMC Regular Discretionary Programs. These Local Assistance funds are included in the Governor's realignment proposal.

The proposed GF budget also includes \$20.5 million for Local Assistance Non-DMC Perinatal Programs [Exhibit C]. Of the funds for ADP's Perinatal Programs, \$5.1 million is to fund existing residential perinatal treatment programs known as Women and Children's Residential Treatment Services (WCRTS). These Local Assistance funds are included in the Governor's realignment proposal.

Drug Court Partnership (DCP) Act Program

The proposed GF budget includes \$7.1 million for the DCP Act of 2002 in support of adult drug courts serving felons. Of this amount, \$6.8 million is for Local Assistance and \$250,000 is for State Support [Exhibit C]. The Local Assistance funds are included in the Governor's realignment proposal.

Comprehensive Drug Court Implementation (CDCI) Act Program

The proposed GF budget includes \$16.2 million for CDCI in support of adult, juvenile, dependency, and family drug courts. Of the total \$16.2 million, \$15.7 million is for Local Assistance and \$491,000 is for State Support [Exhibit C]. The Local Assistance funds are proposed to be realigned to the counties.

Dependency Drug Court (DDC) Program

The proposed GF budget includes \$4.5 million in support of DDC, which serves cases with a substance abuse charge against a parent. Of the total \$4.5 million budget, \$4.3 million is for Local Assistance and \$228,000 is for State Support [Exhibit C]. The Local Assistance funds are included in the Governor's realignment proposal.

Parolee Services

The proposed budget includes \$33.9 million [Exhibit C] for Parolee Services which is passed through to the Department of Corrections and Rehabilitation.

DRUG MEDI-CAL (DMC) PROGRAM

The DMC program provides medically necessary substance use disorder treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic replacement therapy, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based on the DMC Fall Estimates for FY 2011-12, the Local Assistance budget reflects \$130.7 million in DMC GF (\$127.9 million Regular and \$2.8 million Perinatal) and \$115.5 million (\$112.7 million Regular and \$2.8 million Perinatal) in DMC federal financial participation (FFP) reimbursements from the Department of Health Care Services (DHCS) [Exhibit C]. Compared to the FY 2010-11 Budget Act, this represents a total increase of \$36.7 million (\$36.2 million GF) due to projected caseload, rate, and Federal Medicaid Assistance Percentage (FMAP) changes.

The FMAP is the percentage used to determine the federal share of the Medi-Cal Program. For FY 2011-12, the FMAP returns to 50 percent.

The proposed budget for State Support includes \$7.0 million (\$3.2 million GF) for DMC program support [Exhibit C]. Of the \$3.8 million in Reimbursements, \$613,000 is budgeted for DMC licensing and certification activities which has a budgeted match in the Residential and Outpatient Program Licensing Fund.

The Local Assistance GF and a portion of State Support funds are included in the Governor's realignment proposal.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

The proposed budget includes \$1.5 million (\$758,000 GF) in State Support for HIPAA compliance activities [Exhibit C].

PROBLEM GAMBLING PROGRAM

The proposed budget includes \$3.5 million in State Support for problem gambling prevention activities derived from the Indian Gaming Special Distribution Fund (IGSDF) [Exhibit C]. Additionally, the proposed budget includes a BCP request for \$5.0 million to continue the Problem Gambling Treatment Effort for an additional two years. Of the requested \$5.0 million, \$4.0 million is for Local Assistance and \$1.0 million is for State Support.

This proposed budget also includes \$291,000 to continue research and prevention services for problem and pathological gamblers. Of the \$291,000, \$166,000 will be derived from the collection of fees from licensed card rooms to be deposited into the Gambling Addiction Program Fund. The remaining \$125,000 will be reimbursement from the California State Lottery [Exhibit C].

FEDERAL FUNDS

The proposed budget includes \$260.1 million in Federal Trust Funds, which represents approximately 41.2 percent of ADP's total budget [Exhibit B].

Substance Abuse Prevention and Treatment (SAPT) Block Grant

The proposed budget includes \$256.3 million for the SAPT Block Grant [Exhibit C]. Of this \$256.3 million, \$2.0 million continues to be transferred to the Department of Public Health for SYNAR-related activities in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. The remaining \$254.3 million SAPT Block Grant dollars consist of \$236.2 million for Local Assistance and \$18.1 million for State Support [Exhibit C]. This assumes a grant award funding level consistent with the FFY 2010 Federal Appropriation.

SAPT Maintenance of Effort (MOE) Requirement

As a condition of receiving SAPT Block Grant funds, ADP must meet the MOE grant requirement, which requires ADP to maintain non-federal expenditures for substance abuse prevention and treatment services at a specific level. The MOE Requirement is derived from a mathematical computation in which the current year's non-federal expenditures cannot be less than the average of those expenditures for the two preceding state fiscal years.

The SAPT MOE Requirement for FY 2011-12 is \$207 million based on the budgetary expenditures through FY 2010-11. The proposed FY 2011-12 budget for substance abuse non-federal expenditures is \$241.1 million, which exceeds the State's SAPT MOE Requirement.

Strategic Prevention Framework-State Incentive Grant Program

The proposed budget includes \$1.9 million for the federal Strategic Prevention Framework-State Incentive Grant. The SPF-SIG provides discretionary grant funding to increase the use of data from public health research to guide planning, lead to the selection of evidence-based prevention programs and provide evaluation activities to ensure the anticipated result. The proposed budget includes \$1.7 million in Local Assistance, and \$204,000 in State Support [Exhibit C].

Access to Recovery (ATR) Grant

The proposed budget includes \$3.4 million annually for a third round of federal funding for the California Access to Recovery Effort (CARE) program. The CARE program provides youth treatment services in select counties. Of this \$3.4 million, \$2.5 million is for Local Assistance and \$879,000 is for State Support [Exhibit C].

MENTAL HEALTH SERVICES ACT (PROPOSITION 63)

The proposed budget includes \$267,000 from the Mental Health Services Fund in support of the Mental Health Services Act (Proposition 63) to support activities associated with developing collaborative mental health and AOD services [Exhibit C].

RESIDENTIAL AND OUTPATIENT PROGRAM LICENSING FUND

The proposed budget includes \$4.5 million from the collection of fees in support of existing licensing and certification activities [Exhibit C].

PAROLEE SERVICES NETWORK

The proposed budget includes \$11.2 million in reimbursements from the California Department of Corrections and Rehabilitation. Of the total \$11.2 million, \$10.7 million is for Local Assistance and \$477,000 is for State Support.

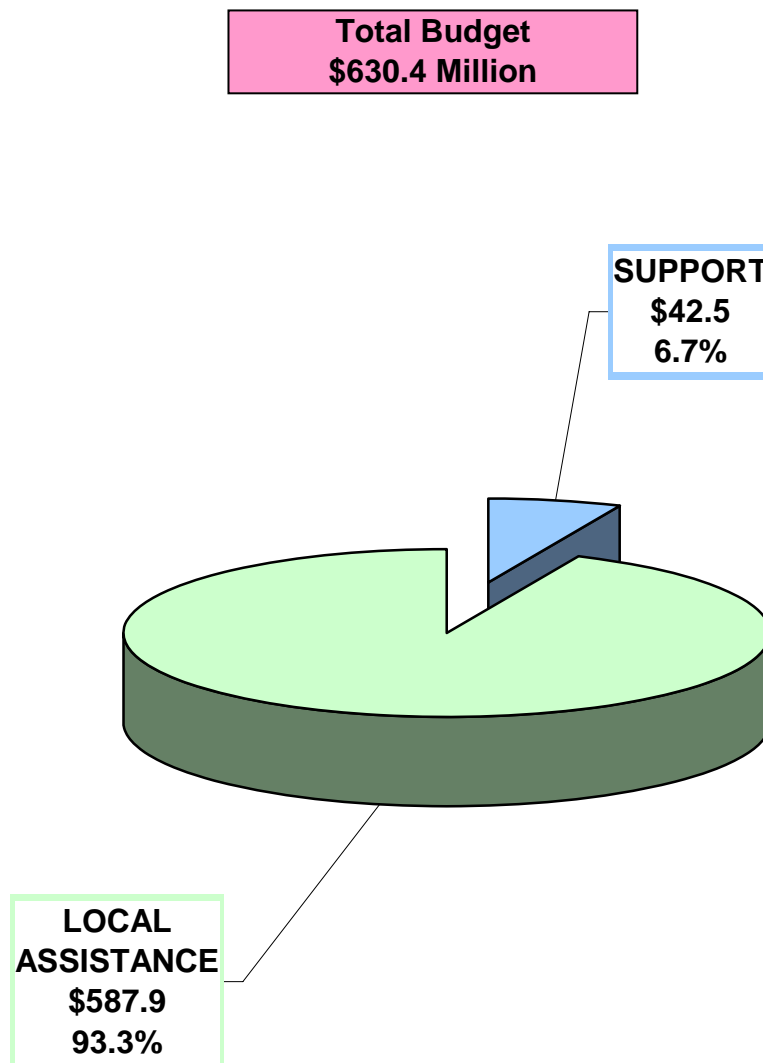
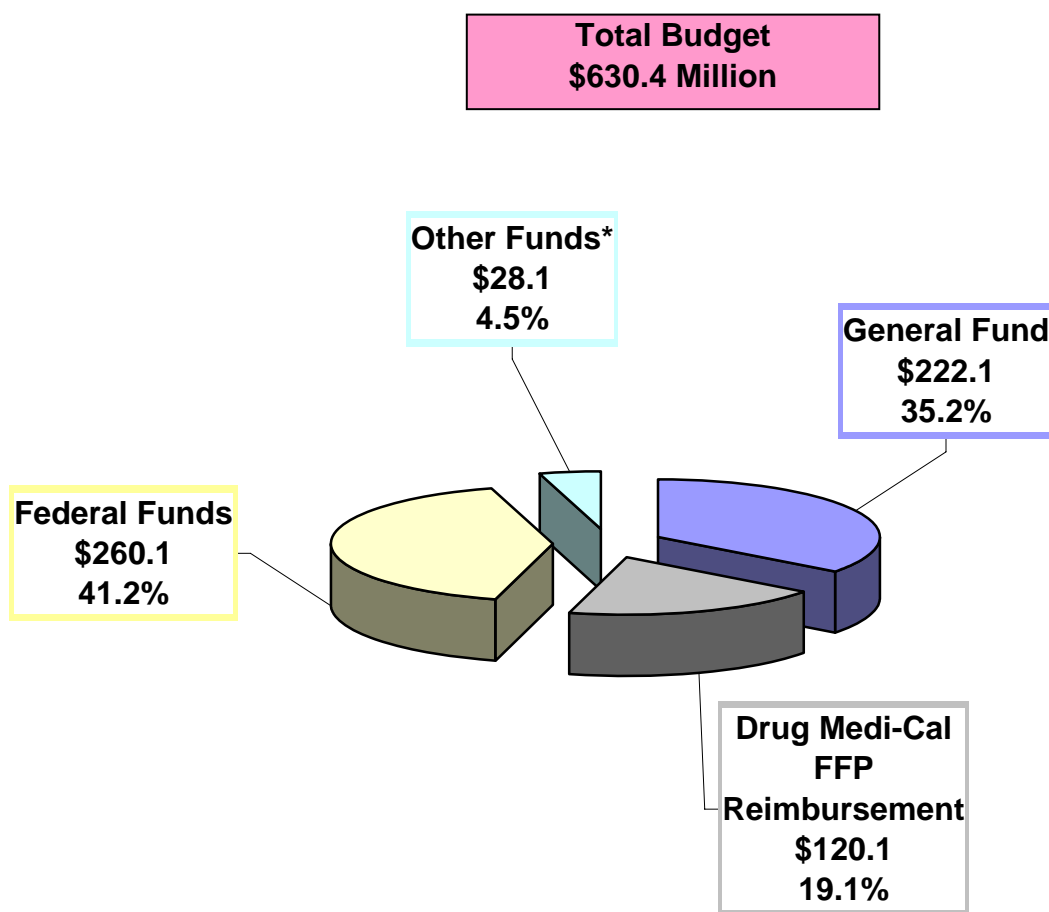
Exhibit A**Department of Alcohol and Drug Programs
Governor's Budget
Fiscal Year 2011-12****Budget by Category**
(\$ In Millions)

Exhibit B**Department of Alcohol and Drug Programs
Governor's Budget
Fiscal Year 2011-12****Budget by Fund Source**
(\$ In Millions)

* "OTHER FUNDS" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, INDIAN GAMING SPECIAL DISTRIBUTION FUND, MENTAL HEALTH SERVICES FUND, RESIDENTIAL OUTPATIENT PROGRAM LICENSING FUND, GAMBLING ADDICTION PROGRAM FUND, REIMBURSEMENTS FROM THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION AND THE LOTTERY COMMISSION, AND OTHER MISCELLANEOUS REIMBURSEMENT AUTHORITY.

EXHIBIT C
DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
FY 2011-12 GOVERNOR'S BUDGET

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGETED EXPENDITURES	% of TOTAL EXPENDITURES
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$4,960	\$217,122	\$222,082	35.23%
Non-Drug Medi-Cal Regular	\$0	\$5,189	\$5,189	0.82%
Non-Drug Medi-Cal Perinatal	\$0	\$20,448	\$20,448	3.24%
Drug Court Partnership Act	\$250	\$6,840	\$7,090	1.13%
Comprehensive Drug Court Implementation Act	\$491	\$15,691	\$16,182	2.57%
Dependency Drug Court	\$228	\$4,320	\$4,548	0.72%
Parolee Services	\$0	\$33,900	\$33,900	5.38%
Drug Medi-Cal Regular	\$3,032	\$127,858	\$130,890	20.76%
Drug Medi-Cal Perinatal	\$201	\$2,876	\$3,077	0.49%
HIPAA	\$758	\$0	\$758	0.12%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,693	\$0	\$1,693	0.27%
Narcotic Treatment Program Licensing Trust Fund	\$1,377	\$0	\$1,377	0.22%
Indian Gaming Special Distribution Fund	\$4,457	\$4,000	\$8,457	1.34%
Audit Repayment Trust Fund	\$72	\$0	\$72	0.01%
Mental Health Services Fund (Prop 63)	\$267	\$0	\$267	0.04%
Gambling Addiction Program Fund	\$166	\$0	\$166	0.03%
Residential and Outpatient Program Licensing Fund (ROPLF)	\$4,461	\$0	\$4,461	0.71%
Federal Trust Fund	\$19,629	\$240,434	\$260,063	41.25%
Substance Abuse Block Grant	\$20,075	\$236,188	\$256,263	40.65%
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	\$0	-\$2,000	-0.32%
Uniform Data Systems	\$321	\$0	\$321	0.05%
Access to Recovery Grant	\$879	\$2,508	\$3,387	0.54%
State Epidemiological Outcomes Workgroup (SEOW)	\$150	\$0	\$150	0.02%
Strategic Prevention Framework-State Incentive Grant (SPF-SIG)	\$204	\$1,738	\$1,942	0.31%
Reimbursements	\$5,425	\$126,349	\$131,774	20.90%
DHCS: Drug Medi-Cal Regular (GF Match)	\$3,032	\$112,666	\$115,698	18.35%
DHCS: Drug Medi-Cal Perinatal (GF Match)	\$201	\$2,876	\$3,077	0.49%
DHCS: DMC Licensing (ROPLF Match)	\$613	\$0	\$613	0.10%
DHCS: Drug Medi-Cal HIPAA	\$758	\$0	\$758	0.12%
CDCR: Parolee Services Network	\$477	\$10,707	\$11,184	1.77%
Lottery Commission: Problem Gambling	\$125	\$0	\$125	0.02%
Other	\$219	\$100	\$319	0.05%
TOTALS	\$42,507	\$587,905	\$630,412	100.00%

EXHIBIT D
Department of Alcohol and Drug Programs
Comparison
FY 2010-11 Budget Act vs. FY 2011-12 Governor's Budget
(\$ IN THOUSANDS)

FUNDING SOURCE	FY 2010-11 BUDGET ACT	FY 2011-12 GOVERNOR'S BUDGET	DIFFERENCE
General Fund	\$186,082	\$222,082	\$36,000
Non-Drug Medi-Cal Regular	\$5,189	\$5,189	\$0
Non-Drug Medi-Cal Perinatal	\$20,448	\$20,448	\$0
Drug Court Partnership Act	\$7,106	\$7,090	-\$16
Comprehensive Drug Court Implementation Act	\$16,217	\$16,182	-\$35
Dependency Drug Court	\$4,548	\$4,548	\$0
Parolee Services	\$33,900	\$33,900	\$0
Substance Abuse Offender Treatment Program	\$0	\$0	\$0
Drug Medi-Cal Regular (Caseload Estimates) ¹	\$91,885	\$127,858	\$35,973
Drug Medi-Cal Perinatal (Caseload Estimates) ¹	\$2,671	\$2,876	\$205
Drug Medi-Cal State Support	\$3,333	\$3,233	-\$100
HIPAA	\$785	\$758	-\$27
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,687	\$1,693	\$6
Narcotic Treatment Program Licensing Trust Fund	\$1,418	\$1,377	-\$41
Indian Gaming Special Distribution Fund	\$8,484	\$8,457	-\$27
Audit Repayment Trust Fund	\$71	\$72	\$1
Mental Health Services Fund (Prop 63)	\$301	\$267	-\$34
Gambling Addiction Program Fund	\$166	\$166	\$0
Residential and Outpatient Program Licensing Fund	\$4,479	\$4,461	-\$18
Federal Trust Fund	\$272,035	\$260,063	-\$11,972
Substance Abuse Block Grant	\$258,797	\$256,263	-\$2,534
Sale of Tobacco to Minors Control Account (SAPT)	-\$2,000	-\$2,000	\$0
Safe and Drug Free Schools & Communities Grant	\$7,026	\$0	-\$7,026
Uniform Data Systems	\$327	\$321	-\$6
Access to Recovery Grant	\$4,839	\$3,387	-\$1,452
SBIRT Grant	\$2,889	0	-\$2,889
State Epidemiological Outcomes Workgroup (SEOW)	\$157	\$150	-\$7
Strategic Prevention Framework-State Incentive Grant (SPF-SIG)	\$0	\$1,942	\$1,942
Reimbursements	\$131,397	\$131,774	\$377
DHCS: Drug Medi-Cal Regular (Caseload Estimates)	\$111,357	\$112,666	\$1,309
DHCS: Drug Medi-Cal Perinatal (Caseload Estimates)	\$3,633	\$2,876	-\$757
DHCS: Drug Medi-Cal State Support	\$3,994	\$3,846	-\$148
DHS: HIPAA	\$785	\$758	-\$27
CDC: Parolee Services Network	\$11,184	\$11,184	\$0
Lottery	\$125	\$125	\$0
Other	\$319	\$319	\$0
TOTALS	\$606,120	\$630,412	\$24,292